



CITY OF BAY CITY

FY 2018 1st Quarter Financial Report

As of December 31, 2017

The City of Bay City Finance Department is dedicated to excellence in local government, comprehensive fiscal management, compliance and reporting. The Monthly Report is used to provide our internal and external customers financial reporting with easy to read narratives regarding the City's financial position.

This report represents a general overview of financial operations through **December 2017**, the third month, and **25.00%** of FY 2018.

1. The **Financial Summaries** provide comparative data for revenues and expenditures by fund. Data shows current monthly and year to date information as it relates to budget. Beginning fund balances are estimates until the final audit is complete.
 - The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those accounted for in other specific funds. This fund includes all general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund. General operating expenditures, fixed charges and capital improvement costs not paid through other funds are paid from this fund.
 - The **Public Utility Fund** accounts for the operations costs to provide water and sewer services to the citizens of Bay City.
 - The **Airport Fund** is used to account for the operations of the Airport, and to account for the rent generated from its T-hangers and fuel sold.
 - The **Hotel/Motel Occupancy Tax Fund** was established to directly enhance and promote tourism and the convention and hotel industry or other expenses as approved by State Law.
2. The **Investment Report** provides a description of investment activity during the quarter.

This report does not include all funds related to the City of Bay City's Operations—please refer to the City's Comprehensive Annual Financial Report & the City's Annual Budget available on the City's website (www.cityofbaycity.org).

Go to the Finance Department's Web Page for all financial transparency information. This includes audits, budgets, quarterly reports, and check registers

General Fund Overview

Revenue Highlights

Revenues total \$3,436,056 or 23.7% of the budget.

- Property Tax. The certified value totaled \$811 million. Through December, the City received \$1,034,709 of the 4.2-million-dollar property tax maintenance and operation budget. Most property taxes will be received by Jan 2018.
- Sales tax. First Quarter Sales Tax Allocation to the City is up 1.66% (\$22,926) as compared to prior year.
- Franchise fees are in line with budget. Licenses & Permits appear to far exceed the budget target, however this additional revenue will be offset by a third-party inspection contracted by the City.
- Charges for services represents sanitation fees - \$581,296 (25% of budget).
- Other Revenue holds a budget of 540,000. The City will issue a tax note to fund capital improvements in the General Fund (Police Roof and Library Roof).

General Fund Expenditure Highlights

Expenditures total 2,951,503 or 20.3% of budget.

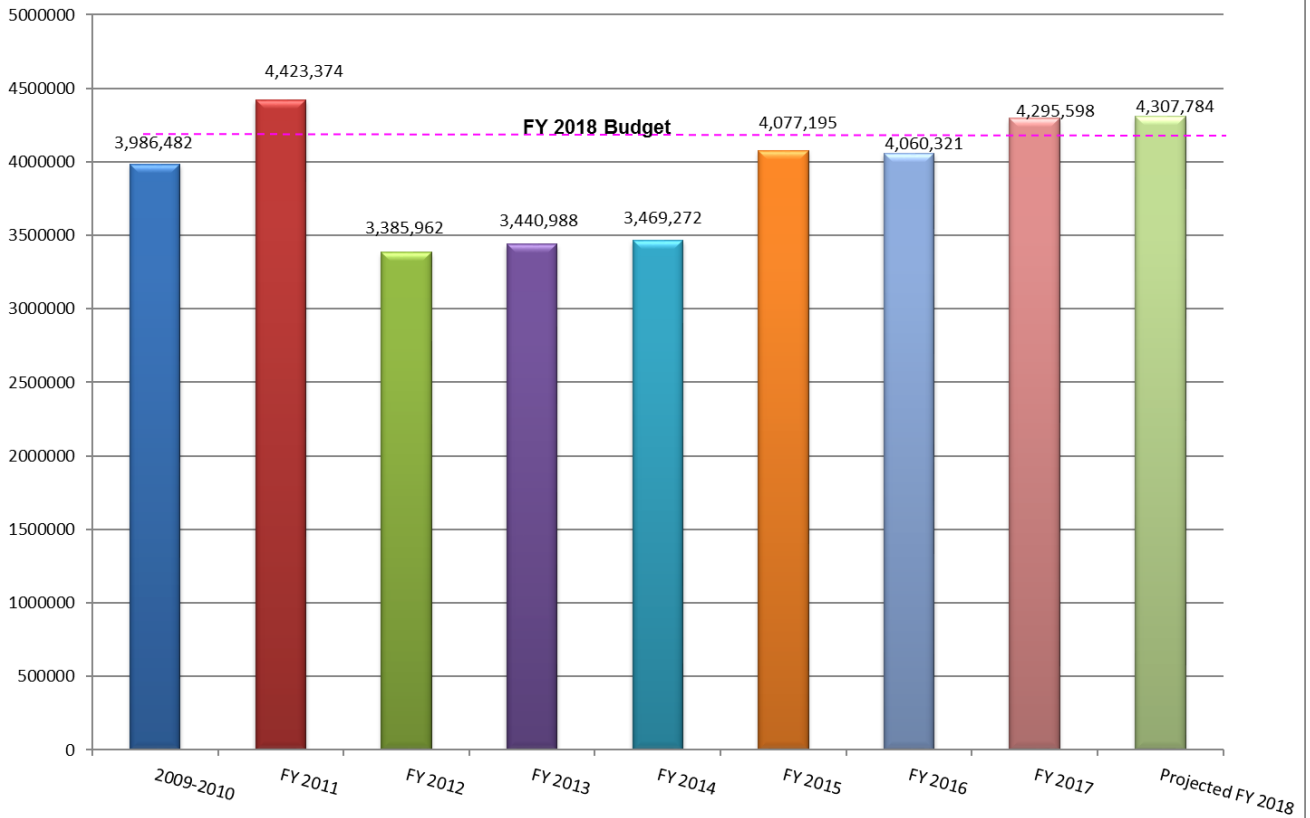
- Most departments are under the 25% budget target. Budgets that are over the budget target are primarily due to timing of payments.
 - City Secretary exceeding budget target due to timing of expenditures.
 - Main Street budget is exceeding budget target due to unanticipated payment for downtown lighting (Amendment needed)

The General Fund's fund balance is budgeted to remain flat. **The city reserve level currently is below the minimum policy of 25%.** See bottom of page 3 for more clarification. The beginning cash position (October 1, 2017) is anticipated to be closer to 1.5 million which represents 10.16% reserve. This balance does not represent debris recovery charges from Hurricane Harvey. The City plans to build reserve over the next 3 years.

GENERAL FUND FINANCIAL SUMMARY

General Fund (Fund 11)					
Percent of Fiscal Year Complete		25%			
	Total Budget		YTD Actual*	Over(Under) Budget to Date	% FY 2018 Budget
Beginning Fund Balance	\$ 1,475,000		\$ 1,475,000		
REVENUES					
Property Taxes	4,267,949		1,034,709	3,233,240	24.2%
Sales Tax	4,117,500		1,052,627	3,064,873	25.6%
Other Local Taxes	1,300,000		328,294	971,706	25.3%
Charges for Services	2,316,000		581,296	1,734,704	25.1%
Fines & Penalties	283,500		44,287	239,213	15.6%
Licenses & Permits	181,500		181,657	(157)	100.1%
Miscellaneous	997,751		84,736	913,015	8.5%
Transfers	513,800		128,450	385,350	25.0%
Other Revenue	540,000		-	540,000	0.0%
Total Revenues	\$ 14,518,000		\$ 3,436,056	\$ 11,081,944	23.7%
EXPENDITURES					
City Secretary	141,451		39,971	101,480	28.3%
City General Services	2,665,540		595,313	2,070,227	22.3%
Administrative Council	206,205		47,071	159,134	22.8%
Main Street	50,800		22,788	28,012	44.9%
Personnel Resources	238,202		55,566	182,636	23.3%
Municipal Court	308,019		56,723	251,296	18.4%
Finance	318,745		70,189	248,556	22.0%
Police	4,666,840		1,044,165	3,622,675	22.4%
Animal Impoundment	163,830		36,669	127,161	22.4%
Fire Department	185,198		24,384	160,814	13.2%
Public Works	3,177,046		560,910	2,616,136	17.7%
Recycling Center	160,029		34,453	125,576	21.5%
Parks	929,937		182,313	747,624	19.6%
Riverside Park	223,300		28,849	194,451	12.9%
Recreation	100,012		22,216	77,796	22.2%
Aquatics	296,096		43,120	252,976	14.6%
Library	686,750		86,802	599,948	12.6%
Total Expenditures	\$ 14,518,000		\$ 2,951,503	\$ 11,566,497	20.3%
*YTD does not includes encumbrances					
Net Revenue (Expenditures)	\$ -		\$ 484,553		
Ending Fund Balance	\$ 1,475,000		\$ 1,959,553		
% of Operating Reserves	10.16%		13.50%		
Fund Balance Target 90 days (25%)	\$ 3,629,500				
Over/(Under) min Policy Level (25%)	\$ (2,154,500)				

SALES TAX YEARLY COMPARISON



	<i>1st Quarter</i>		% Change from Prior Year	Variance
	Fiscal Year 2017	Fiscal Year 2018		
October	465,786.26	435,515.45	-6.50%	(30,270.81)
November	483,601.99	489,619.93	1.24%	6,017.94
December	431,187.85	478,366.81	10.94%	47,178.96
Total	1,380,576.10	1,403,502.19	1.66%	22,926.09
City General Fund (75%)	1,035,432.08	1,052,626.64		17,194.57
BCCDC (25%)	345,144.03	350,875.55		5,731.52
	1,380,576.10	1,403,502.19		22,926.09

Public Utility Fund Overview

Revenue Highlights

- As a percentage of budget, total Water & Sewer Revenue is 25% being on target with budget expectations.

Expenditure Highlights

- Total expenditures for the Utility Fund sit nicely at 18% of budget.
- All departments are within budget expectations.

PUBLIC UTILITY FUND FINANCIAL SUMMARY

Utility Fund (Fund 61)					
Percent of Fiscal Year Complete	25%				
	Total Budget	YTD Actual*	Over(Under) Budget to Date	% FY 2018 Budget	
Beginning Fund Balance	\$ 2,924,084	\$ 2,924,084			
REVENUES					
Charges for Services	7,522,000	1,871,574	5,650,426	25%	
Fines & Penalties	190,000	47,301	142,699	25%	
Miscellaneous	9,000	2,034	6,966	0%	
Total Revenues	7,721,000	1,920,909	5,800,091	25%	
EXPENDITURES					
General Operation	3,853,885	900,734	2,953,151	23%	
Water	2,139,829	215,608	1,924,221	10%	
Sewer	1,640,786	293,660	1,347,126	18%	
Warehouse Operations	86,500	16,352	70,148	19%	
Total Expenditures	\$ 7,721,000	\$ 1,426,355	\$ 6,294,645	18%	
*YTD includes encumbrances					
Net Revenue (Expenditures)	\$ -	\$ 494,554			
Ending Fund Balance	\$ 2,924,084	\$ 3,418,638			
% of Operating Reserves	34.98%	40.89%			
Target 90 days (25%)	1,930,250				
Over/(Under) Target	\$ 993,834				

Airport Fund Overview

Revenue Highlights

- As a percentage of budget, core Airport revenues are slightly above budget expectations due to fuel sales.
- General Fund (Transfers In) subsidizes the Airport by \$150,000.

Expenditure Highlights

- As a percentage of budget, total expenditures are 20%. Capital Expenditures represent 81% of budget—this is due to the timing of the TXDOT airport project.

AIRPORT FUND FINANCIAL SUMMARY

Municipal Airport Fund (Fund 64)					
Percent of Fiscal Year Complete	25%				
	Total Budget	YTD Actual*	Over(Under) Budget to Date	% FY 2018 Budget	
Beginning Fund Balance	\$ 130,000	\$ 130,000			
REVENUES					
Charges for Services	-	100	(100)	0%	
Miscellaneous	158,000	24,760	133,240	16%	
Transfers	150,000	37,500	112,500	25%	
Other Revenue (Fuel Sales)	160,500	47,373	113,127	30%	
Total Revenues	\$ 468,500	\$ 109,733	\$ 358,767	23%	
EXPENDITURES					
Personnel	133,046	18,018	115,028	14%	
Supplies & Materials	119,500	27,063	92,437	23%	
Other Charges & Services	82,104	21,211	60,893	26%	
Repairs & Maintenance	138,829	10,240	128,589	7%	
Capital Expenditures	32,021	25,864	6,157	81%	
Total Expenditures	\$ 505,500	\$ 102,395	\$ 403,105	20%	
*YTD includes encumbrances					
Net Revenue (Expenditures)	\$ (37,000)	\$ 7,338			
Ending Fund Balance	\$ 93,000	\$ 137,338			
<i>No minimum Fund Balance Policy</i>					
General Fund subsidizes \$150,000					

Civic & Cultural Arts Fund (Hotel /Motel Fund) Overview

Revenue Highlights

- As a percentage of budget, total Hotel/Motel Fund is below budget target of 25%, this is due the timing of hotel payments. Most hotels remit tax on a monthly or quarterly basis. December receipts will not be remitted until January.
- The City also budgeted to receive outside financing sources \$585,000 (tax note) to replace the civic center roof. This is budgeted as part of Miscellaneous Income in the report.

Expenditure Highlights

- As a percentage of budget, total expenditures are below the budget target, however this is due to the timing various budgets within the Hotel / Motel Fund.
- The City budgeted to use \$184,350 of Fund Balance to support the Bay City Theatre renovations.

HOTEL/MOTEL FUND FINANCIAL SUMMARY

Civic & Cultural Arts Fund (Fund 25)				
Percent of Fiscal Year Complete		25%		
	Total Budget	YTD Actual*	Over(Under) Budget to Date	% FY 2018 Budget
Beginning Fund Balance	\$ 542,000	\$ 542,000		
Revenues				
Hotel Occupancy Tax	\$ 725,000	\$ 56,352	\$ 668,648	8%
Miscellaneous	657,650	18,971	\$ 638,679	3%
Total Revenues	\$ 1,382,650	75,323	\$ 1,307,327	5%
Expenditures				
Council Discretionary	\$ 173,545	12,700	160,845	7%
Convention & Visitors Bureau	219,955	49,732	170,223	23%
Civic Center	843,500	55,311	788,189	7%
Bay City Theatre	330,000	1,859	328,141	1%
Total Expenditures	\$ 1,567,000	\$ 119,601	\$ 1,447,399	8%
*YTD includes encumbrances				
Net Revenue (Expenditures)	\$ (184,350)	\$ (44,279)		
Ending Fund Balance	\$ 357,650	\$ 497,721		
<i>Proposed to maintain \$50,000</i>				

Departmental Highlights

Building Department New Homes



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Value Added: \$1,097,614 Total Taxes= \$7,189

Commercial

BUSINESS 5

Value Added: \$6,326,316 Total Taxes= \$41,437

	Fiscal Year 2017	Fiscal Year 2018
Building Inspections	239	260

Street and Bridge

Description	Total (work orders)
Concrete Pavement Repair	12
Ditch Cleaning	19
Asphalt Pavement Repair	52
Utility Asphalt/Concrete Repair	26
Signs	10
Traffic Control Devices	15

Utility

Description	Total (work orders)
Water leaks	151
Meter leaks	39
Sewer repairs	182
Low pressure reads	8
Meter swaps	100

Police Statistics

	Fiscal Year 2017	Fiscal Year 2018
Calls for service	7464	6982
Arrests	347	264
Cases assigned to CID	601	667
Cases cleared by CID	235	279

Civic Center

	Fiscal Year 2017	Fiscal Year 2018
Total Revenue	\$13,143	\$18,200
Total Expenditures	\$61,258	\$55,311

FINANCIAL CHALLENGES OF THE CITY

Governmental Funds

General Fund

Reserve Levels-The City needs to build reserves up to policy level over the next 3 fiscal years. The City will commit additional sales received to build reserves and to offset Riverside Park Income.

Riverside Park- Potential loss of revenue- \$90,000 (Amendments forthcoming)

Proprietary Funds

Public Utility Fund

None

Airport

None

Monitoring:

Sales Tax

Court Fines- Below Budget Target- 16%

Investment Report 1st Quarter Fiscal Year 2018

The City has a weighted average portfolio of 1 day with an average book yield of .67%. The City is liquid with 100% of the portfolio in a 0-1-year maturity. Average interest rates have slightly increased since prior quarter. All short-term investments average less than 1%. Investment earnings are \$21,837 for the quarter and up \$11,678 as compared to the same quarter last year. The investment strategy currently is to stay short with diversification (Checking & Investment Pools) to minimize interest rate risk in the future. However, the City will begin to build a ladder portfolio with some investment moving into 2-3 year maturities. The Investment Officer will begin to investing in short term securities.

December 31, 2017 Balances

	Total Bal by Type	% of Portfolio
IBC/Prosperity	\$2,634,576	25.58%
Petty Cash/Cash Drawers	\$3,577	0.03%
Texstar	\$7,149,912	69.41%
Texas Class	\$512,751	4.98%
CD's	\$-	0.00%
Securities	\$-	0.00%
	\$10,300,816	100.00%

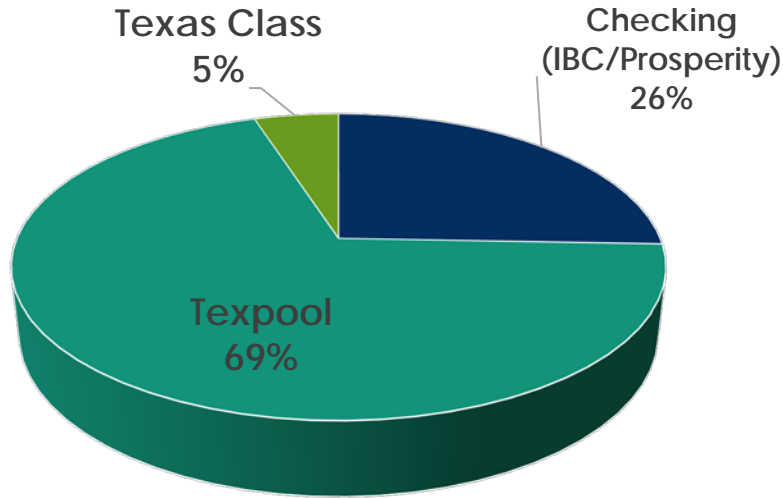
Interest Earnings

Interest received during the 1stth quarter totaled \$ 21,837 and represents interest paid on checking accounts and investments.

Portfolio	Qtr 12-31-16	Qtr 12-31-17	Over Prior Year
Interest Received	\$10,159	\$21,837	\$11,678

Portfolio Diversification


Portfolio Diversification is used to create a structure to reduce investment risks and a portfolio that will experience minimal volatility during economic cycles.



Portfolio Maturity Schedule

The goal is to ladder the City's portfolio. Due to some economic uncertainty and low interest rates, staying short for investment purposes is the strategy for any investments.

Years to Maturity	Face Value	% Total
0-1	\$10,300,816	100%
1-2	\$ 0	0%
2-3	\$ 0	0%
Total	\$10,300,816	100%

 City of BAY CITY vs. Benchmarks for Quarter Ending DECEMBER 31, 2017						
BOOK VALUE	MARKET VALUE	Unrealized Gain/<Loss>	Average Book Yield	Benchmark Pools	Benchmark 90 Day T-Bill	
\$ 10,300,816	\$ 10,300,816	-	0.89%	1.21%	1.27%	
Weighted Average						
Maturity	1.00 Day(s)		0.89%	Yield		